

## WHAT IS CLAIMED IS:

1. A method for establishing a pre-payment arrangement for an electronic funded purchase transaction, said method comprising the steps of:

prompting a supplier to select pre-payment terms;

determining whether a supplier is registered for pre-payment transactions; and

determining pre-payment terms.

2. A method in accordance with Claim 1 further comprising the step of registering a supplier if the supplier is not registered for pre-payment transactions.

3. A method in accordance with Claim 1 wherein said step of determining pre-payment terms comprises the step of generating an annual percentage rate.

4. A method in accordance with Claim 3 wherein said annual percentage rate is generated utilizing at least one of a supplier tier, buyer payment history, and buyer credit history.

5. A pre-payment wizard configured to:

prompt a supplier to select pre-payment terms;

determine whether a supplier is registered for pre-payment transactions; and

determine pre-payment terms.

6. A pre-payment wizard in accordance with Claim 5 wherein said wizard is further configured to register a supplier if the supplier is not registered for pre-payment transactions.

7. A pre-payment wizard in accordance with Claim 5 wherein said wizard is further configured to determine pre-payment terms by generating an annual percentage rate.

8. A pre-payment wizard in accordance with Claim 7 wherein said annual percentage rate is generated utilizing at least one of a supplier tier, buyer payment history, and buyer credit history.

9. A computer-readable medium, comprising:

a record of a buyer expected default frequency; and

a record of a supplier tier designation.

10. A computer-readable medium according to Claim 9 further comprising a record of an annual percentage rate.

11. A computer-readable medium according to Claim 10 further comprising a record of a variable merchant fee determined utilizing at least one of said default frequency record, said supplier tier designation, and said annual percentage rate.

12. A system comprising:

means for prompting a supplier to negotiate pre-payment terms; and

means for generating a variable merchant fee based on a pre-payment date selected by the supplier.

13. A system according to Claim 12 wherein said means for generating the variable merchant fee comprises means for identifying a pre-assigned annual percentage rate that applies to the supplier.

14. A system according to Claim 13 wherein the annual percentage rate is pre-assigned based on at least one of a borrowing rate, transaction costs, and a risk adder.

15. A system according to Claim 6 wherein said means for generating the variable merchant fee comprises means for determining an expected default frequency of a buyer.

16. A method for facilitating a purchase transaction between a buyer and a supplier, said method comprising the steps of:

extending funding to a buyer; and

securing pre-payment terms from a supplier.

17. A method according to Claim 16 wherein a funding agreement with the buyer requires the buyer to pay a purchase price (\$X) within (Y) days of delivery.

18. A method according to Claim 17 wherein the pre-payment terms provide that the purchase price (\$X) less a variable merchant fee is to be paid on a prepayment date earlier than within (Y) days of delivery.

19. A method according to Claim 18 further comprising the step of upon receipt of notice acceptance from the buyer, paying the supplier purchase price less the variable merchant fee on the prepayment date.

20. A method according to Claim 16 further comprising the step of receiving payment by the buyer.

21. A system comprising:

a database for storing buyer information and supplier information;

an application server coupled to said database and accessible to buyers and suppliers, said application server configured to:

post requests for quotes in the database;

post quotes in response to the requests for quotes in the database; and

prompt a supplier to negotiate pre-payment terms.

22. A system according to Claim 21 wherein said buyer information comprises an expected default frequency.

23. A system according to Claim 21 wherein said supplier information comprises a tier designation.

24. A system according to Claim 21 wherein said application server is further configured to generate a variable merchant fee based on a pre-payment date selected by the supplier.

25. A system according to Claim 24 wherein to generate said variable merchant fee, said application server identifies a pre-assigned annual percentage rate that applies to the supplier.

26. A system according to Claim 25 wherein the annual percentage rate is pre-assigned based on at least one of a borrowing rate, transaction costs, and a risk adder.

27. A system according to Claim 21 wherein said application server is further configured to generate a variable merchant fee based on an expected default frequency of a buyer.

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